

S.23

An act relating to increasing the minimum wage.

The House proposes to the Senate to amend the bill by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 21 V.S.A. § 384 is amended to read:

§ 384. EMPLOYMENT; WAGES

(a)(1) ~~An~~ Except as otherwise provided pursuant to subdivision (B) of this subdivision (a)(1), an employer shall not employ any employee at a rate of less than \$9.15. Beginning on January 1, 2016, an employer shall not employ any employee at a rate of less than \$9.60. Beginning on January 1, 2017, an employer shall not employ any employee at a rate of less than \$10.00. Beginning on January 1, 2018, an employer shall not employ any employee at a rate of less than \$10.50, and beginning \$10.78. Beginning on January 1, 2019 2020, and on each subsequent January 1, the minimum wage rate shall be increased by two and one quarter times the percentage increase of the Consumer Price Index, CPI-U, U.S. city average, not seasonally adjusted, or successor index, as calculated by the U.S. Department of Labor or successor agency for the 12 months preceding the previous September 1, provided that the rate of increase shall not be more than five and one half percent, until the minimum wage is equal to or greater than \$15.00. On January 1 of the first year after the minimum wage rate reaches an amount that is equal to or greater than \$15.00 and on each subsequent January 1, the minimum wage rate shall

be increased by five percent or the percentage increase of the Consumer Price Index, CPI-U, U.S. city average, not seasonally adjusted, or successor index, as calculated by the U.S. Department of Labor or successor agency for the 12 months preceding the previous September 1, whichever is smaller, ~~but in~~ . In no event shall the minimum wage be decreased. The minimum wage shall be rounded off to the nearest \$0.01.

(2) An employer in the hotel, motel, tourist place, and restaurant industry shall not employ a service or tipped employee at a basic wage rate less than one-half the minimum wage. As used in this subsection, “a service or tipped employee” means an employee of a hotel, motel, tourist place, or restaurant who customarily and regularly receives more than \$120.00 per month in tips for direct and personal customer service.

(3) If the minimum wage rate established by the U.S. government is greater than the rate established for Vermont pursuant to subdivision (1) of this subsection for any year, the minimum wage rate for that year shall be the rate established by the U.S. government.

* * *

(e)(1) A tip shall be the sole property of the employee or employees to whom it was paid, given, or left. An employer that permits patrons to pay tips by credit card shall pay an employee the full amount of the tip that the

customer indicated, without any deductions for credit card processing fees or costs that may be charged to the employer by the credit card company.

(2) An employer shall not collect, deduct, or receive any portion of a tip left for an employee or credit any portion of a tip left for an employee against the wages due to the employee pursuant to subsection (a) of this section.

(3) This subsection shall not be construed to prohibit the pooling of tips among:

(A) service or tipped employees as defined pursuant to subsection (a) of this section; or

(B) service or tipped employees who are paid at least the federal minimum wage established pursuant to 29 U.S.C. § 206(a)(1) and non-supervisory employees who do not customarily and regularly receive more than \$120.00 per month in tips for direct and personal customer service.

(f)(1) Notwithstanding 2 V.S.A. § 20(d), on or before December 1, 2019, and on or before each subsequent December 1 until the minimum wage established pursuant to subdivision (a)(1) of this section reaches \$15.00, the Commissioner of Taxes shall submit a written report to the Governor and the General Assembly regarding whether the inflation-adjusted revenues from the sales tax imposed pursuant to 32 V.S.A. § 9771 and the use tax imposed pursuant to 32 V.S.A. § 9773 for the 12-month period ending on September 30 of that year have decreased by two percent or more relative to the revenues

from the sales tax and use tax for the 12-month period ending on September 30 of the previous year.

(2) Notwithstanding subdivision (a)(1) of this section, the minimum wage rate established pursuant to subdivision (a)(1) shall be increased by the percentage increase of the Consumer Price Index, CPI-U, U.S. city average, not seasonally adjusted, or successor index, as calculated by the U.S. Department of Labor or successor agency for the 12 months preceding the previous September 1 or by five percent, whichever is smaller, on January 1 of the next calendar year if both of the following occur:

(A) the Commissioner of Taxes' report indicates that the inflation-adjusted revenues from the sales tax imposed pursuant to 32 V.S.A. § 9771 and the use tax imposed pursuant to 32 V.S.A. § 9773 for the 12-month period ending on September 30 of that year have decreased by two percent or more relative to the revenues from the sales tax and use tax for the 12-month period ending on September 30 of the previous year; and

(B) the official State revenue estimate for the General Fund in the current or next fiscal year has been reduced by two percent or more.

Sec. 2. 21 V.S.A. § 383 is amended to read:

§ 383. DEFINITIONS

~~Terms used in this subchapter have the following meanings~~ As used in this subchapter, unless a different meaning is clearly apparent from the language or context:

(1) “Commissioner;” means the Commissioner of Labor or designee.

(2) “Employee;” means any individual employed or permitted to work by an employer except:

* * *

(G) ~~taxi-cab~~ taxicab drivers;

(H) outside salespersons; and

(I) secondary school students under 18 years of age working during all or any part of the school year or regular vacation periods. As used in this subdivision (2)(I), “regular vacation periods” does not include the period between two successive academic years.

(3) “Occupation;” means an industry, trade, ~~or~~ business or branch thereof, or a class of work in which workers are gainfully employed.

(4) “Tip” means a sum of money gratuitously and voluntarily left by a customer for service, or indicated on a bill or charge statement, to be paid to a service or tipped employee for directly and personally serving the customer in

a hotel, motel, tourist place, or restaurant. An employer-mandated service charge shall not be considered a tip.

Sec. 3. CHILD CARE FINANCIAL ASSISTANCE PROGRAM

(a) It is the intent of the General Assembly that investments and initiatives set forth in this section and Sec. 4 of this act are meant to complement the anticipated redesign of the Child Care Financial Assistance Program, which shall be monitored by the General Assembly.

(b) In fiscal year 2020, of the funds appropriated from the General Fund to the Department for Children and Families' Child Development Division, \$1,250,000.00 shall be used to restore the base for the Child Care Financial Assistance Program (CCFAP) and \$6,900,000.00 shall be used to adjust the sliding fee scale and reimbursement rates in CCFAP as follows:

(1) adjust the sliding fee scale of CCFAP to ensure that families whose gross income is up to 100 percent of the current federal poverty guidelines receive 100 percent of the available benefit and that families whose gross income is between 100 and 300 percent of the current federal poverty guidelines receive between 99 and 10 percent of the available financial assistance benefit, scaling between set eligibility levels as follows:

(A) 95 percent of the available financial assistance benefit for families at 125 percent of the current federal poverty guidelines;

(B) 75 percent of the available financial assistance benefit for families at 150 percent of the current federal poverty guidelines;

(C) 50 percent of the available financial assistance benefit for families at 200 percent of the current federal poverty guidelines; and

(D) 10 percent of the available financial assistance benefit for families at 300 percent of the current federal poverty guidelines; and

(2) align rates of reimbursement for preschool and school age children participating in CCFAP in fiscal year 2020 with the market rates reported on the 2015 Vermont Market Rate Survey and maintain rates of reimbursement for infants and toddlers participating in CCFAP in fiscal year 2020 with the market rates reported on the 2017 Vermont Market Rate Survey.

Sec. 4. 33 V.S.A. § 3512(a)(4) is added to read:

(4) Beginning on January 1, 2025 and each subsequent year the minimum wage is increased thereafter, the Commissioner for Children and Families shall amend the Department for Children and Families' Child Care Financial Assistance Program to:

(A) adjust the sliding fee scale to correspond with each minimum wage increase required pursuant to 21 V.S.A. § 384(a)(1) in order to ensure that the benefit percentage at each new minimum wage level is not lower than the percentage applied under the former minimum wage; and

(B) adjust the rate of reimbursement paid to providers on behalf of families participating in the Child Care Financial Assistance Program in a manner that offsets the estimated increased cost of child care in Vermont resulting from an increase in the minimum wage required pursuant to 21 V.S.A. § 384(a)(1).

Sec. 5. INCREASES FOR EMPLOYEES OF CERTAIN MEDICAID-
PARTICIPATING PROVIDERS AND INDEPENDENT DIRECT
SUPPORT PROVIDERS; REPORT

(a) On or before December 15, 2019, the Secretary of Human Services, in consultation with the Joint Fiscal Office and relevant service providers, shall submit a written report to the House Committees on Appropriations, on General, Housing, and Military Affairs, on Health Care, and on Human Services and the Senate Committees on Appropriations, on Economic Development, Housing and General Affairs, and on Health and Welfare regarding the projected costs for fiscal years 2020 and 2021 of increasing Medicaid reimbursement rates to:

(1) Medicaid participating providers, including designated agencies, specialized service agencies, home health agencies, nursing homes, residential care homes, assisted living residences, and adult day agencies, by an amount necessary to facilitate the payment of wages to their employees who are

providing services pursuant to the State Medicaid Program that are equal to at least the minimum wage set forth in 21 V.S.A. § 384; and

(2) independent direct support providers who are providing home- and community-based services pursuant to the State Medicaid Program to facilitate the payment of wages to those independent direct support providers that are equal to at least the minimum wage set forth in 21 V.S.A. § 384.

(b)(1) On or before August 15, 2019, the Secretary of Human Services shall request any documentation of wages and related costs that the Secretary determines to be necessary to develop the projections required pursuant to subsection (a) of this section from:

(A) Medicaid participating providers with employees who are providing services pursuant to the State Medicaid Program and earn wages that are at or near the minimum wage set forth in 21 V.S.A. § 384; and

(B) any fiscal services agency providing payroll services in relation to independent direct support providers who are providing home- and community-based services pursuant to the State Medicaid Program.

(2) Service providers and fiscal services agencies shall, on or before October 15, 2019, provide to the Secretary the documentation requested pursuant to subdivision (1) of this subsection.

(3) Any service provider that fails to provide the information requested by the Secretary pursuant to this subsection shall forfeit the right in fiscal years

2020 and 2021 to any increase in Medicaid reimbursement rates that is proposed pursuant to subsection (a) of this section.

Sec. 6. MINIMUM WAGE FOR EMPLOYERS PROVIDING BENEFITS;
STUDY COMMITTEE; REPORT

(a) Creation. There is created the Minimum Wage for Employers Providing Benefits Study Committee to examine the possibility of creating a separate minimum wage rate for employers that provide certain benefits to their employees that would increase more slowly than the standard minimum wage.

(b) Membership. The Committee shall be composed of the following members:

(1) a current member of the House of Representatives, who shall be appointed by the Speaker of the House;

(2) a current member of the Senate, who shall be appointed by the Committee on Committees;

(3) a representative of employers, who shall be appointed by the Speaker of the House;

(4) a representative of employees earning wages that are at or near the minimum wage, who shall be appointed by the Committee on Committees; and

(5) the Commissioner of Labor or designee.

(c) Powers and duties. The Committee shall study the possibility of creating a separate minimum wage rate for employers that provide certain benefits to their employees that would increase more slowly than the standard minimum wage, including the following topics:

(1) the experience of jurisdictions that have created a second minimum wage rate for employers that provide certain benefits to their employees that would increase more slowly than the standard minimum wage;

(2) the advantages and drawbacks of permitting an employer to qualify for a minimum wage rate that increases more slowly than the standard minimum wage by providing certain types of benefits, including health insurance, retirement, child care reimbursement, family and medical leave, and tuition reimbursement; and

(3) an appropriate minimum value of benefits that must be provided to qualify an employer for a second minimum wage rate that increases more slowly than the standard minimum wage.

(d) Assistance. The Committee shall have the administrative, technical, and legal assistance of the Office of Legislative Council and the Joint Fiscal Office.

(e) Report. On or before January 15, 2020, the Committee shall submit a written report to the House Committee on General, Housing, and Military Affairs and the Senate Committee on Economic Development, Housing and

General Affairs with its findings and any recommendations for legislative action.

(f) Meetings.

(1) The member from the House shall call the first meeting of the Committee to occur on or before September 15, 2019.

(2) The Committee shall select a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The Committee shall cease to exist on January 31, 2020.

(g) Compensation and reimbursement.

(1) For attendance at meetings during adjournment of the General Assembly, a legislative member of the Committee serving in his or her capacity as a legislator shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for not more than four meetings.

(2) Other members of the Committee who are not otherwise compensated for their attendance at meetings shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than four meetings.

(3) Payments to members of the Committee authorized under this subsection shall be made from monies appropriated to the General Assembly.

Sec. 7. MINIMUM WAGE; ADJUSTMENT FOR INFLATION; REPORT

On or before January 15, 2023, the Office of Legislative Council and the Joint Fiscal Office shall submit a written report to the House Committee on General, Housing, and Military Affairs and the Senate Committee on Economic Development, Housing and General Affairs regarding potential mechanisms for indexing the minimum wage established pursuant to 21 V.S.A. § 384 to inflation after 2024. In particular, the report shall:

(1) identify and examine mechanisms that other jurisdictions use to index their minimum wages to inflation and the potential benefits and disadvantages of each mechanism; and

(2) identify and examine any alternative mechanisms to index the minimum wage to inflation, including alternative measures of inflation, and the potential benefits and disadvantages of each mechanism.

Sec. 8. TIPPED AND STUDENT MINIMUM WAGE STUDY

COMMITTEE; REPORT

(a) Creation. There is created the tipped and student minimum wage study committee to examine the effects of altering or eliminating the basic wage rate for tipped employees in Vermont and of eliminating the subminimum wage for secondary school students during the school year.

(b) Membership. The Committee shall be composed of the following members:

(1) one member of the House appointed by the Speaker of the House;

(2) one member of the Senate appointed by the Committee on

Committees;

(3) the Commissioner of Labor or designee;

(4) the Commissioner for Children and Families or designee;

(5) one member representing employers in the food service or
hospitality industry, appointed by the Speaker of the House; and

(6) one member representing tipped workers in the food service or
hospitality industry, appointed by the Committee on Committees.

(c) Powers and duties. The Committee shall study the effects of altering or
eliminating the basic wage rate for tipped employees and of eliminating the
subminimum wage for secondary school students during the school year,
including the following issues:

(1) the impact in states that have eliminated their tipped wage on:

(A) jobs, prices, and the state economy; and

(B) the welfare of tipped workers, women, and working families with
children;

(2) the impact in states that have increased their tipped wage during the
last 10 years on:

(A) jobs, prices, and the state economy; and

(B) the welfare of tipped workers, women, and working families with children;

(3) the impact in states that have decoupled their tipped wage from the standard minimum wage during the last 10 years on:

(A) jobs, prices, and the state economy; and

(B) the welfare of tipped workers, women, and working families with children;

(4) the projected impact in Vermont of altering or eliminating the basic wage rate for tipped employees on:

(A) jobs, prices, and the State economy; and

(B) the welfare of tipped workers, women, and working families with children; and

(5) the projected impact in Vermont of eliminating the subminimum wage for secondary school students on jobs, prices, the State economy, and the welfare of individuals under 22 years of age.

(d) Assistance. The Committee shall have the administrative, technical, and legal assistance of the Office of Legislative Council and the Joint Fiscal Office.

(e) Report. On or before December 15, 2019, the Committee shall submit a written report to the House Committee on General, Housing, and Military Affairs and the Senate Committee on Economic Development, Housing and

General Affairs with its findings and recommendations, if any, for legislative action related to Vermont's basic wage for tipped employees and subminimum wage for secondary school students.

(f) Meetings.

(1) The Commissioner of Labor shall call the first meeting of the Committee to occur on or before September 15, 2019.

(2) The Committee shall select a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The Committee shall cease to exist on January 30, 2020.

(g) Compensation and reimbursement.

(1) For attendance at meetings during adjournment of the General Assembly, a legislative member of the Committee serving in his or her capacity as a legislator shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for not more than six meetings. These payments shall be made from monies appropriated to the General Assembly.

(2) Members of the Committee who are not employees of the State of Vermont and who are not otherwise compensated or reimbursed for their attendance shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than

six meetings. These payments shall be made from monies appropriated to the General Assembly.

Sec. 9. MINIMUM WAGE FOR AGRICULTURAL WORKERS;

WORKING GROUP; REPORT

(a) Creation. There is created the Agricultural Minimum Wage Working Group to examine the wage and hour laws for agricultural workers.

(b) Membership. The Working Group shall be composed of the following members:

(1) one member of the House appointed by the Speaker of the House;

(2) one member of the Senate appointed by the Committee on

Committees;

(3) The Secretary of Agriculture or designee; and

(4) The Commissioner of Labor or designee.

(c) Powers and duties. The Working Group shall study the wage and hour laws for agricultural workers, including the following issues:

(1) the overlapping legal requirements of the federal Fair Labor Standards Act and Vermont's wage and hour laws with respect to agricultural employees and employers;

(2) particular issues and challenges related to federal and State wage and hour laws that Vermont's agricultural employees and employers face; and

(3) how other states have addressed similar issues and challenges in their wage and hour laws.

(d) Assistance. The Working Group shall have the administrative, technical, and legal assistance of the Office of Legislative Council.

(e) Report. On or before December 15, 2019, the Working Group shall submit a written report to the House Committees on Agriculture and on General, Housing, and Military Affairs and the Senate Committees on Agriculture and on Economic Development, Housing and General Affairs with its findings and any recommendations for legislative action.

(f) Meetings.

(1) The member from the House shall call the first meeting of the Working Group to occur on or before September 15, 2019.

(2) The Committee shall select a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The Working Group shall cease to exist on January 30, 2020.

(g) Compensation and reimbursement. For attendance at meetings during adjournment of the General Assembly, a legislative member of the Working Group serving in his or her capacity as a legislator shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for

not more than four meetings. These payments shall be made from monies appropriated to the General Assembly.

Sec. 10. LEGISLATIVE COUNCIL; DRAFT LEGISLATION

On or before January 15, 2020, the Office of Legislative Council shall prepare and submit a draft bill to the House Committee on General, Housing, and Military Affairs and the Senate Committee on Economic Development, Housing and General Affairs that makes statutory amendments of a technical nature to modernize the statutory language of 21 V.S.A. chapter 5, subchapter 3. The draft bill shall also identify provisions of 21 V.S.A. chapter 5, subchapter 3 that may require amendment in order to eliminate out-of-date and obsolete provisions. The Office of Legislative Council shall consult with the Commissioner of Labor to identify language requiring modernization and provisions that are out-of-date or obsolete.

Sec. 11. EFFECTIVE DATES

(a) In Sec. 2, 21 V.S.A. § 383, the amendments to subdivisions (2)(G) and (I) shall take effect on January 1, 2020. The remaining provisions of Sec. 2 shall take effect on July 1, 2019.

(b) The remaining sections of this act shall take effect on July 1, 2019.